

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 00200 100736Z

11

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AF-10 NEA-10 IO-14 EB-11 COME-00 INT-08

SCEM-02 TRSE-00 OMB-01 DRC-01 /149 W

----- 060387

R 100646Z JAN 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1963

INFO AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY BANGKOK

AMCONSUL HONG KONG

LIMITED OFFICIAL USE SEOUL 200

E.O. 11652: DECLASSIFY 1/10/75

TAGS: ENRG KS

SUBJECT: PETROLEUM SITUATION KOREA

REF: A SEOUL 8472, B SEOUL 8616 NOTAL

C SEOUL 8543 NOTAL

SUMMARY: WITH SUPPLY SITUATION RETURNING TO NORMAL, KOREAN OFFICIALS HAVE SHIFTED ATTENTION TO LONGER-TERM IMPLICATIONS OF OIL PRICE INCREASES AND KOREA'S PRESENT DIPENDENCE ON JAPAN FOR PETROCHEMICAL IMPORTS. END SUMMARY

1. WITH ARAB RESTRICTIONS ON CRUDE OIL SUPPLY TO KOREA APPARENTLY EASED, ATTENTION IS TURNING TO IMPLICATIONS OF PRICE INCREASES FOR HIGH GROWTH POLICY IN 1974. IF ACTUAL LANDED COST OF CRUDE EQUALS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 00200 100736Z

DOLS. 9/BBL., BALANCE OF PAYMENTS COST OF 110-130

MILLION BARRELS CRUDE OIL DEMAND ESTIMATED IN 1974 WILL RANGE FROM ABOUT DOLS. 1.0 TO DOLS. 1.2 BILLION, ROUGHLY THREE TO FOUR TIMES 1973 COST. ECONOMISTS PREPARING ORB (OVERALL RESOURCES BUDGET OR OFFICIAL ECONOMIC FORECAST) FOR 1974 ARE ALSO ESTIMATING EXTERNAL DEMAND AND PRICE CHANGES AND THEIR EFFECT ON BOP AND ECONOMY. WHILE SOME OPTIMISTIC COMMENTS RE 1974 GROWTH OUTLOOK ARE APPEARING IN PRESS, ROKG DOES NOT PLAN RELEASE ORB UNTIL LATE JANUARY, AFTER ANNOUNCEMENT OF OIL AND OTHER PRICE INCREASES. MEANWHILE, PRELIMINARY 1973 RESULTS APPEAR TO BE IN LINE WITH MAGNITUDES REPORTED IN REF C(C), E.G. BANK OF KOREA HAS ESTIMATED 1973 GNP INCREASE IN REAL TERMS AT 16.9 PERCENT.

2. COMMERCE AND INDUSTRY MINISTER CHANG HAS ANNOUNCED THAT OIL PRODUCT SUPPLIES WILL BE INCREASED BY TWENTY PERCENT IN JANUARY OVER DECEMBER, ALLOWING RESUMPTION OF NORMAL DISTRIBUTION TO INDUSTRY AND FOR HOME HEATING. ACCORDING TO OTHER MCI OFFICIALS, EMERGENCY TASK FORCE ON OIL SUPPLIES HAS MOVED FROM DAILY TO TWICE-WEEKLY OPERATION, MAINLY TO MAINTAIN STRUCTURE IF NEEDED AGAIN. INDUSTRY SOURCES INDICATE THAT SUPPLY SITUATION HAS NOT BEEN SMOOTHED OUT YET, BUT MAY BE BY END OF JANUARY.

3. MCI MINISTER ALSO SAID THAT GOVERNMENT STILL INTENDS TO DEVELOP LARGE SCALE PETROCHEMICAL INDUSTRY, INCLUDING FOURTH, FIFTH AND SIXTH REFINERIES NECESSARY TO PROVIDE DOMESTIC SUPPLY OF PETROCHEMICAL FEEDSTOCKS FOR SYNTHETIC FIBER AND TEXTILE PRODUCT EXPORTS. SUPPLY UNCERTAINTIES SINCE OCTOBER FOR DOWNSTREAM INTERMEDIATE PRODUCTS FROM JAPAN HAVE BEEN MAJOR CONCERN FOR KOREA. CHANG ANNOUNCED THAT TENTATIVE APPROVAL OF THREE JAPANESE-KOREAN VENTURES FOR CONSTRUCTION OF THREE NEW REFINERIES HAS BEEN REVOKED DUE TO FAILURE TO SUBMIT PROJECT PLANS BY DECEMBER 31 DEADLINE. WHILE CHANG'S ANNOUNCEMENT MAY HAVE BEEN DESIGNED TO PUT PRESSURE ON JAPANESE, IT APPEARS TO OPEN WAY FOR NEW APPLICATIONS BY OTHER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SEOUL 00200 100736Z

INVESTORS, IF ANY, WITH GUARANTEED CRUDE OIL SUPPLIES.

4. AS PART OF NEW "RESOURCE DIPLOMACY" FORMER MCI ENERGY BUREAU CHIEF HAS BEEN SENT ON LOGN TERM TDY TO KOREAN MISSIONS IN MID-EAST AND ADDITIONAL COMMERCIAL ATTACHES ARE TO BE ASSIGNED.
ERICSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, ECONOMIC STABILITY, PETROLEUM PRODUCTS, IMPORTS, GOVERNMENT BUDGET, EXPORT CONTROLS, RETAIL PRICE INDEXES, BALANCE OF PAYMENTS , CHEMICALS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SEOUL00200
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740150/aaaabvkc.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A SEOUL 8472, B SEOUL 8616 NOTAL
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2002 by kelleyw0>; APPROVED <03-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM SITUATION KOREA
TAGS: ENRG, KS, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005